



City and County of Honolulu Fiscal Year 2020 Budget Communication #3

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Department of Budget and Fiscal Services**

March 12, 2019

The FY 2020 Budget was prepared with the following guiding principles:

- **Continue to focus on core services and repairs and maintenance of facilities and infrastructure**
- **Address mandated requirements**
- **Plan and invest for the future and begin to diversify the City's revenue sources**

The Administration's main policy initiatives for FY 2020 include the following priorities:

- Maintaining and Improving Parks and Park Facilities
- Enhancing Bus and Handivan Services
- Integrating Bus, Rail, and TOD
- Improving the Sewer System
- Repaving Roads
- Combating Homelessness
- Addressing Climate Change, Sustainability and Resiliency

Operating Budget Comparison by Source of Funds

<u>Fund</u>	<u>FY 19</u>	<u>FY 20</u>	<u>% Change</u>
General Fund	1,488,583,693	1,641,864,260	10.3%
Highway Fund	133,947,543	150,352,517	12.2%
Sewer Fund	350,571,944	371,112,255	5.9%
Bus Transportation Fund	248,190,774	269,926,190	8.8%
Liquor Commission Fund	6,761,400	7,180,660	6.2%
Bikeway Fund	854,657	881,849	3.2%
Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund	7,551,214	8,320,581	10.2%
Special Events Fund	11,653,531	12,991,324	11.5%
Honolulu Zoo Fund	11,186,655	11,338,991	1.4%
Golf Fund	15,577,430	15,641,233	0.4%
Solid Waste Special Fund	197,973,929	204,121,955	3.1%
Hanauma Bay Nature Preserve Fund	6,777,716	7,053,351	4.1%
Rental Assistance Fund	233,000	233,000	0.0%

Operating Budget Comparison by Source of Funds (continued)

<u>Fund</u>	<u>FY 19</u>	<u>FY 20</u>	<u>% Change</u>
Housing Development Special Fund	200,000	894,000	347.0%
Clean Water and Natural Lands Fund	164,476	295,528	n/a
Affordable Housing Fund	250,048	339,815	n/a
Patsy T. Mink Central Oahu Regional Park Fund	209,800	534,800	154.9%
Waipio Peninsula Soccer Park Fund	112,100	112,100	0.0%
Grants in Aid Fund	9,003,108	9,702,702	7.8%
Community Development Fund	1,712,050	1,762,050	2.9%
Housing and Community Development Rehabilitation Loan Fund	2,500,000	3,004,300	20.2%
Housing and Community Development Section 8 Contract Fund	54,191,623	59,345,426	9.5%
Transit Construction Mitigation Fund	750,000		-100.0%
Federal Grants Fund	48,277,890	40,670,087	-15.8%
Special Projects Fund	<u>13,353,684</u>	<u>16,233,397</u>	21.6%
TOTAL	2,610,588,265	2,833,912,371	8.6%

CIP Budget Comparison by Source of Funds

<u>Fund</u>	<u>FY 19</u>	<u>FY 20</u>	<u>% Change</u>
Sewer Revenue Bond Improvement Fund	204,250,000	253,729,000	24.2%
General Improvement Bond Fund	308,066,500	163,368,832	-47.0%
Highway Improvement Bond Fund	149,051,000	112,551,000	-24.5%
Solid Waste Improvement Bond Fund	59,183,626	58,043,106	-1.9%
Affordable Housing Fund	40,843,469	7,260,000	-82.2%
Bikeway Fund	990,000	730,000	-26.3%
Clean Water and Natural Lands Fund	10,503,327	11,700,000	11.4%
General Fund	472,000	200,000	-57.6%
Highway Fund	366,099		n/a
Hanauma Bay Nature Preserve Fund	66,000	1,800,000	n/a
Parks and Playgrounds Fund	2,029,429	2,013,398	-0.8%
State Funds		9,750,000	n/a
Sewer Fund	197,261,690	166,501,000	-15.6%
Utilities' Share	100,000	2,600,000	2500.0%
Solid Waste Special Fund	0	6,860,000	n/a
Community Development Fund	6,848,198	7,450,772	8.8%
HCD Rehabilitation Loan Fund		400,000	n/a
Federal Grants Fund	29,742,975	66,233,008	122.7%
TOTAL	1,009,774,313	871,190,116	-13.7%

Operating Budget Comparison by Function

Function	FY19	FY20	% Change
General Government	205,552,049	218,965,998	6.5%
Public Safety	507,085,771	515,536,196	1.7%
Highways and Streets	39,999,580	43,198,702	8.0%
Sanitation	290,597,715	294,962,955	1.5%
Human Services	114,971,657	115,951,242	0.9%
Culture-Recreation	107,657,558	126,863,947	17.8%
Utilities or Other Enterprises	269,616,514	301,572,392	11.9%
Debt Service	522,295,000	582,958,000	11.6%
Miscellaneous	552,812,421	633,902,939	14.7%
TOTAL	2,610,588,265	2,833,912,371	8.6%

CIP Budget Comparison by Function

Function	FY19	FY20	% Change
General Government	136,870,963	84,655,556	-38.1%
Public Safety	101,545,820	52,627,712	-48.2%
Highways and Streets	125,370,000	121,100,000	-3.4%
Sanitation	450,822,690	482,731,000	7.1%
Human Services	85,363,084	9,646,280	-88.7%
Culture-Recreation	66,217,756	77,679,568	17.3%
Utilities or Other Enterprises	43,584,000	42,750,000	-1.9%
TOTAL	1,009,774,313	871,190,116	-13.7%

New G.O. Bond Issuances, Retirements and Net Debt Issuance Projections

<u>Fiscal Year</u>	<u>G.O. Bond Issuance</u>	<u>G.O. Bond Retirements</u>	<u>Net Additional Debt</u>
2020	926,000,000	189,404,000	736,596,000
2021	879,000,000	183,555,000	695,445,000
2022	555,000,000	229,766,000	325,234,000
2023	380,000,000	260,053,000	119,947,000
2024	459,000,000	339,986,000	119,014,000
2025	685,000,000	405,544,000	279,456,000
2026	225,000,000	475,203,000	(250,203,000)
2027	225,000,000	515,580,000	(290,580,000)
2028	225,000,000	581,154,000	(356,154,000)
2029	225,000,000	677,507,000	(452,507,000)
2030	225,000,000	730,665,000	(505,665,000)

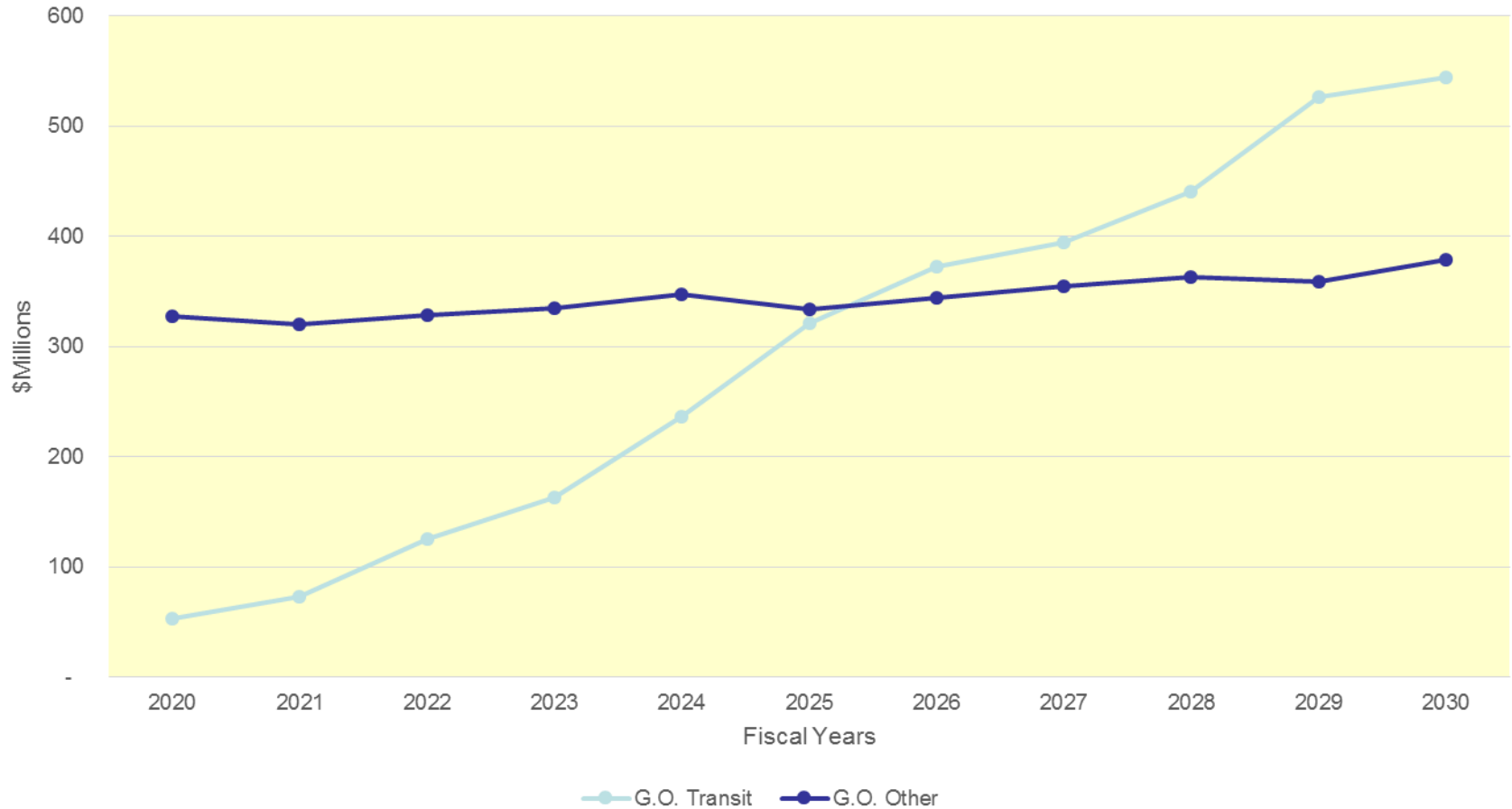
FY 2020 through 2025 G.O. issuance amounts include G.O. bonds (not including TECP) for HART. Information on HART bonds was obtained from HART.

G.O. Bond Debt Service Projections (In millions)



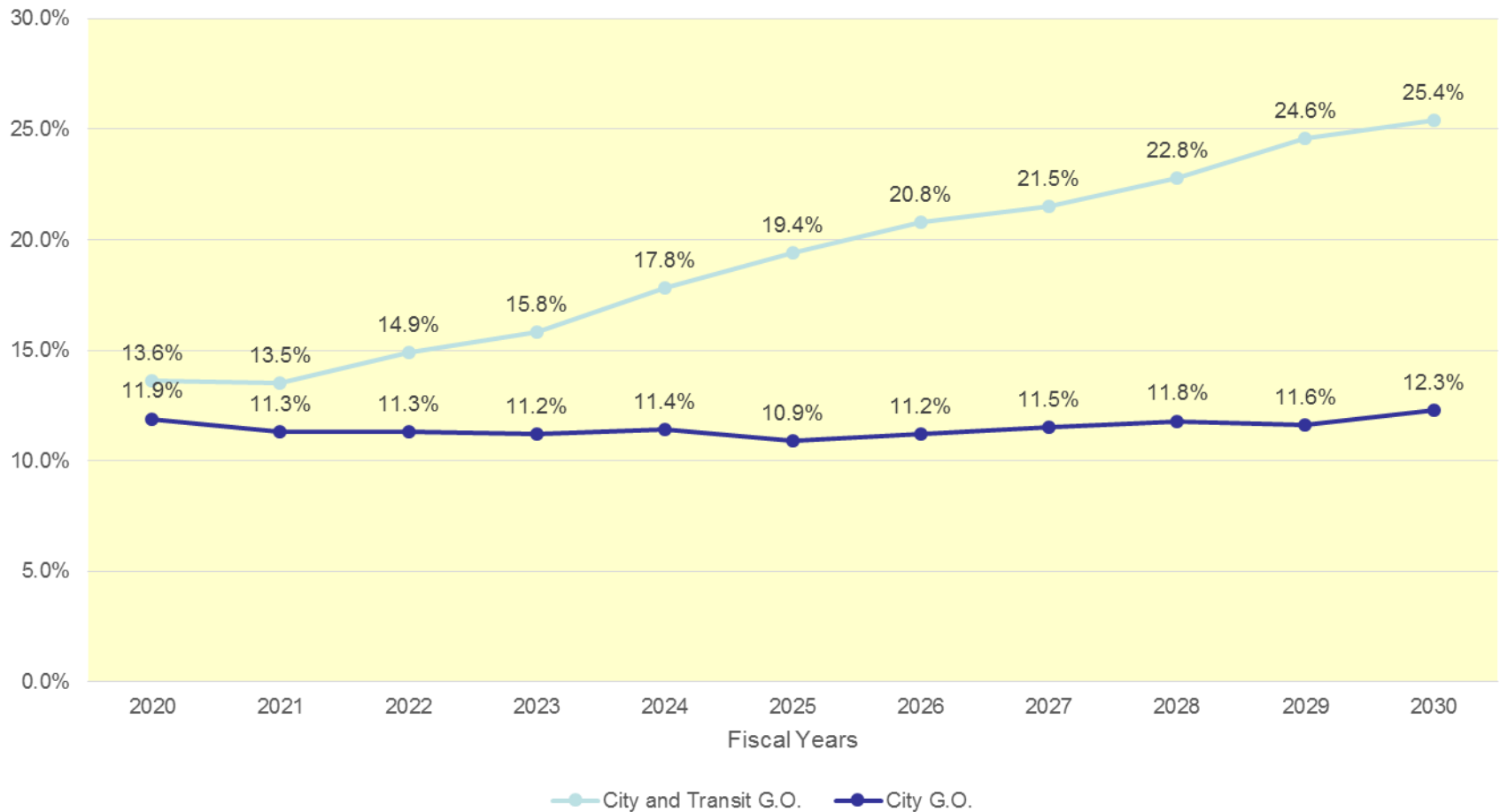
Assuming annual G.O. bond issue projection provided in Question 3.

G.O. Bond Debt Service Projections



Assuming annual G.O. bond issue projection provided in Question 3.

G.O. Bond Debt Service as a Percentage of Operating Budget



Upper line is the percentage of total debt service to the City's operating budget but Transit debt service is paid with Transit revenues per Ordinance 07-001.

Budget Communication #3, question 4

City's Outstanding Debt

As of February 28, 2019

Gross funded indebtedness				\$6,184,406,493 (a)	
Less Exclusions:					
G. O. for Sewer				620,708	
State Loans Payable				214,327,200	
Wastewater Revenue Bonds				2,172,443,400	
Water Supply Revenue Bonds				206,290,000	
G. O. for Solid Waste				129,101,094	
G. O. for H-POWER				373,140,000	
G. O. for Housing				<u>28,423,157</u>	
Total Exclusions				3,124,345,559	
Net Funded Debt				\$3,060,060,934	

(a) Outstanding balance as of February 28, 2019. Total includes \$559,950,000 in G.O. bonds which are to be paid for from HART revenues.

City's Current Authorized, but Unissued Debt(a)

As of February 28, 2019

General Obligation Bonds				\$	1,337,764,333
G.O. - HART					4,413,314,165
Sewer Improvement Revenue Bonds					<u>1,042,833,238</u>
				\$	6,793,911,736
HART Breakout by Ordinance:					
	Ordinance No. 09-12 (2009-10)				60,496,048
	Ordinance No. 10-12 (2010-11)				77,985
	Ordinance No. 11-23 (2011-12)				16,539,857
	Ordinance No. 12-23 (2012-13)				209,957,633
	Ordinance No. 13-23 (2013-14)				696,600,496
	Ordinance No. 14-21 (2014-15)				768,741,929
	Ordinance No. 15-28 (2015-16)				266,017,311
	Ordinance No. 16-17 (2016-17)				953,572,865
	Ordinance No. 17-35 (2017-18)				207,706,500
	Ordinance No. 18-26 (2018-19)				<u>1,233,603,541</u>
				\$	4,413,314,165

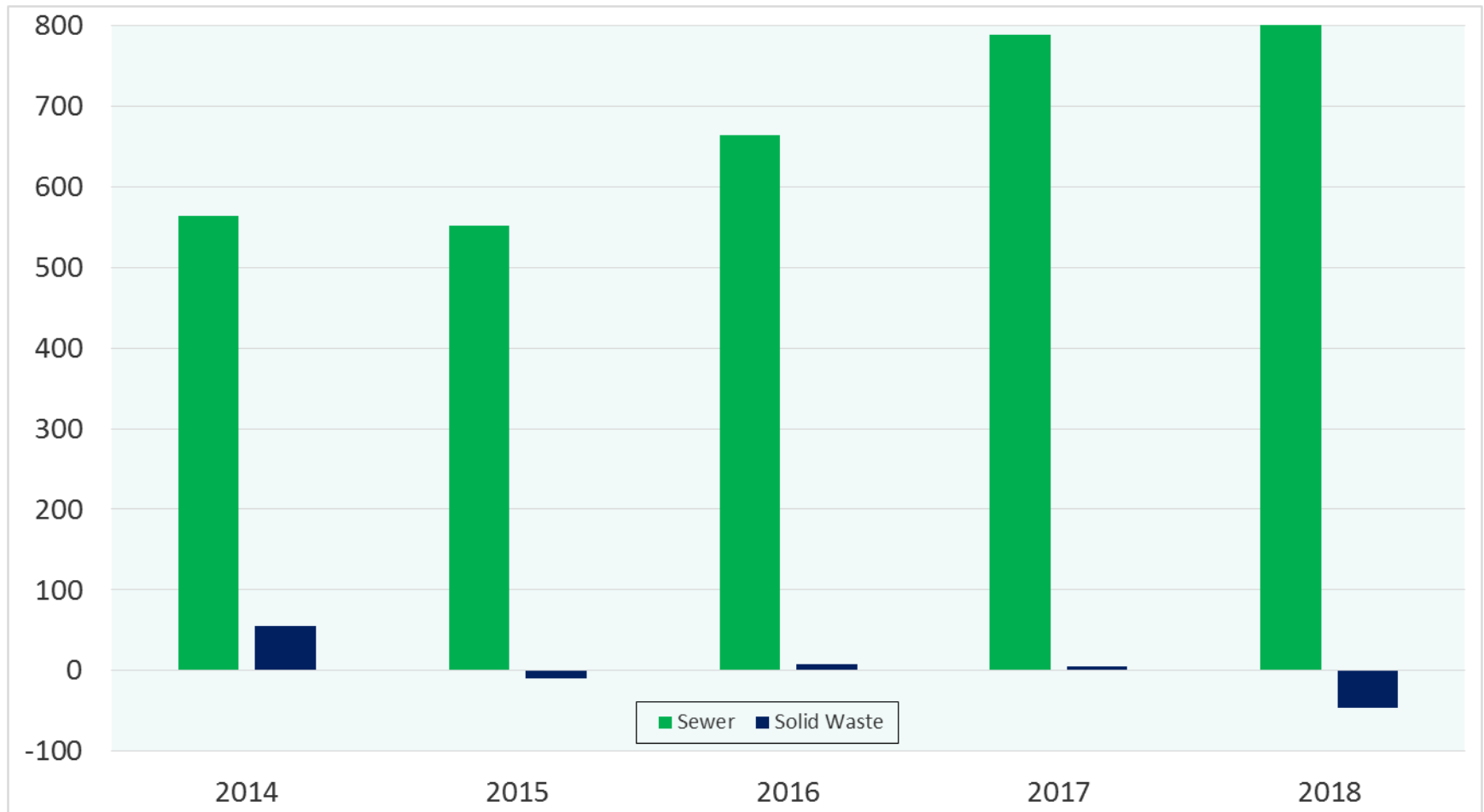
(a) Lapsed report cut-off date is February 28, 2019

Bond Issuances and/or Restructuring Proposed for Fiscal Year 2020

	<u>Sewer Revenue Bonds</u>	<u>State Revolving Fund</u>	<u>General Obligation</u>	<u>Tax Exempt Commercial Paper (TECP) TR</u>	<u>GOB-TR</u>
Issue amount	310,000,000	10,000,000	255,000,000	247,100,000	673,370,000
Estimated Interest Rate	5.25%	3.75%	5.00%	3.00%	4.00%
Term	30 Years	20 Years	25 Years		13 years
Structure	Level Payment	Level Payment	Level Payment		Interest only first five years, principal and interest thereafter
Projected Date of Issuance	First half of Fiscal Year	Various	First half of Fiscal Year	Periodically through fiscal year based upon cash flow requirements.	9/1/2019
Projected Annual Debt Service Payment	20,762,000	723,000	18,093,000	Outstanding balance refunded in next bond issue.	9/1/2031

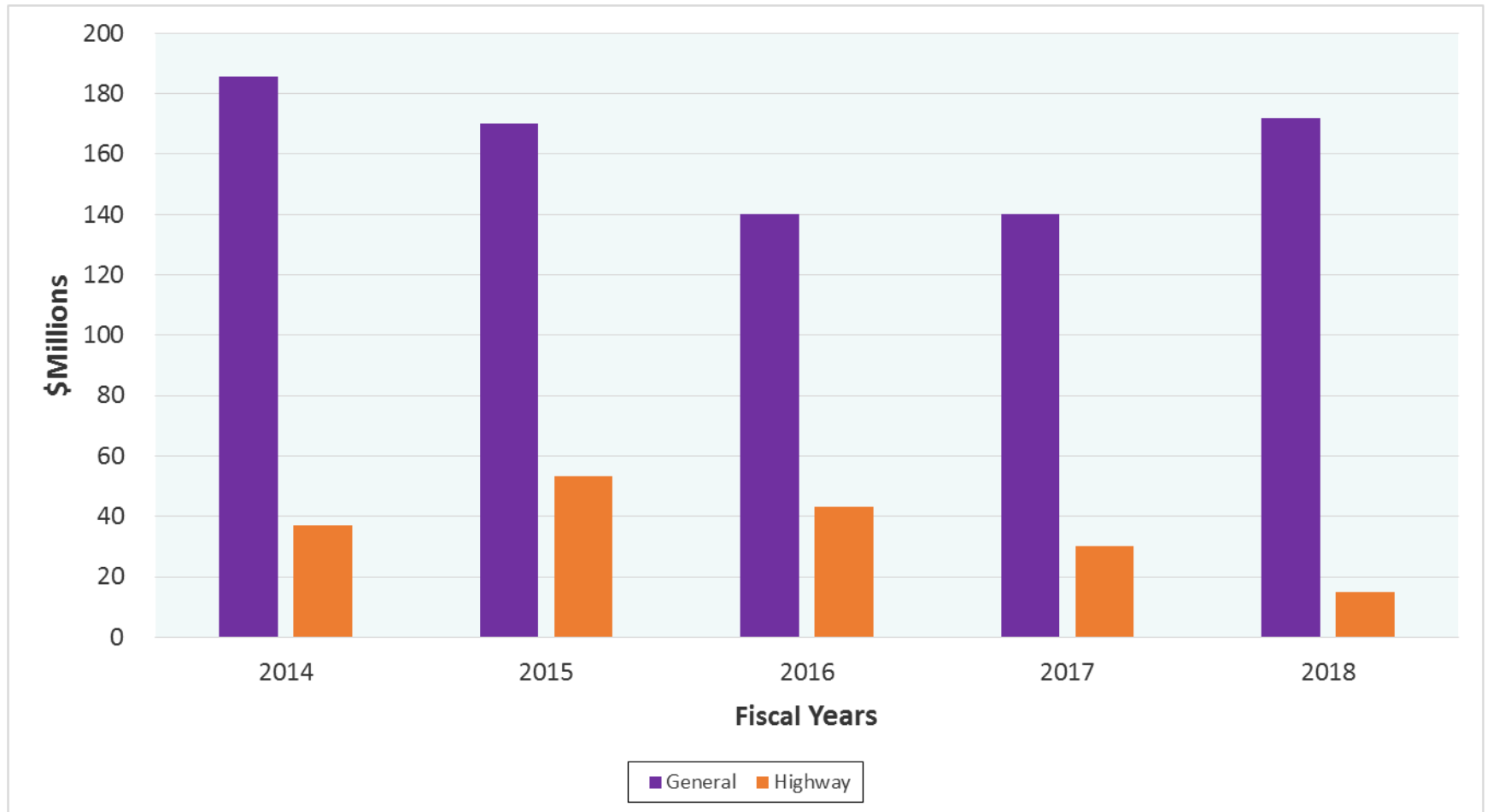
Sewer and Solid Waste Funds Unrestricted Net Assets

(In millions)



General and Highway Fund Unreserved, Undesignated Balance

(In millions)



Budget and Actual Resources Comparison

(In \$Millions)

<u>Type of Revenue</u>	<u>FY 2018 Budget</u>	<u>FY 2018 Actual</u>	<u>FY 2019 Budget</u>	<u>FY 2020 Proposed</u>	<u>Percent Change</u>
Real Property Tax	1,159,286,599	1,178,596,153	1,255,790,946	1,393,676,760	11.0%
Fuel Tax	51,270,000	51,789,800	51,526,000	51,784,000	0.5%
Motor Vehicle Weight Tax	136,791,003	146,197,527	164,347,327	182,480,380	11.0%
Public Utility Franchise Tax	42,525,000	42,285,471	47,707,700	47,048,000	-1.4%
Federal Grants	101,633,026	95,492,971	100,315,894	97,000,929	-3.3%
State Grants	9,414,113	11,492,546	21,658,956	24,259,363	12.0%
Transient Accommodations Tax	41,013,000	45,423,000	45,423,000	45,423,000	0.0%
Public Service Company Tax	30,000,000	35,234,402	46,007,251	37,980,000	-17.4%
Licenses and Permits	63,436,922	56,336,163	64,856,795	64,246,362	-0.9%
Charges for Services	40,907,614	37,297,414	36,909,461	33,857,058	-8.3%
Sewer Charges	331,966,933	284,119,430	265,094,408	298,133,377	12.5%
Bus Transportation Revenues	57,875,000	56,575,274	54,030,000	56,228,000	4.1%
Solid Waste Revenues	141,096,900	131,660,909	136,786,900	134,218,648	-1.9%
Other Revenues	111,049,637	106,465,307	130,223,243	178,438,936	37.0%
Carry-Over – Unrestricted*	117,229,702	169,847,355	112,630,030	128,445,115	14.0%
Carry-Over – Restricted*	833,585,666	992,253,639	791,641,523	799,444,825	1.0%
TOTAL	3,269,081,115	3,441,067,361	3,324,949,434	3,572,664,753	7.5%

Budget and Actual Resources are for the operating budget only, consistent with page D-28 of the Executive Program and Budget Volume I.

*Unrestricted Carry-Over is comprised of General and Highway Fund Carry-Over. Restricted Carry-Over is comprised of Carry-Over in Special Funds.

Uncontrollable Cost Comparison

(in \$millions)

	FY 2018	FY 2018	FY 2019	Percent	FY 2020	Percent
SOURCE	Budget	Actual	Budget	Change (1)	Proposed	Change (2)
Operating Expenditures						
Executive Agency Budgets	\$ 1,469	\$ 1,407	1,535.5	4.5%	1,617.0	5.3%
Debt Service	\$ 474	452.7	522.3	10.2%	583.0	11.6%
Fringe Benefits	423.5	369.2	468.8	10.7%	529.8	13.0%
Miscellaneous	83.6	38.0	84.0	0.5%	104.1	23.9%
Total Operating Expenditures	2,450.0	2,266.7	2,610.6	6.6%	2,833.9	8.6%
(1) Percentage change between FY 2019 Budget and FY 2018 Budget						
(2) Percentage change between FY 2020 Proposed and FY 2019 Budget						
Fringe Benefits includes Retirement System Contributions, FICA and Pension, Health Benefits Contributions, and OPEB						